

Information for Residents of Federally Assisted Housing with Project-Based Section 8 or HUD Assisted Loans

Your housing is kept affordable through an agreement between the owner of your apartment building and the United States Department of Housing and Urban Development (HUD).

The owner either built the project with a **loan that was insured or subsidized by HUD** or has **entered into a project-based Section 8 contract**. In return for getting this assistance, the owner agreed to rent this housing to low income people and to comply with federal regulations in setting rents and managing the apartment complex. These regulations are called low income use restrictions.

In some situations the owner may try to end the low income use restrictions by paying off the insured or subsidized loan or letting the Section 8 contract expire without renewing it.

This handout explains your rights, responsibilities and options if your landlord decides to end the low income use restrictions that currently govern the management of your housing. It also provides the names, addresses, and telephone numbers of various organizations that might be able to help you or answer your questions.

What is federally assisted housing?

Federally assisted housing is housing that is subsidized by the federal government. In most cases, this housing is owned by a for-profit developer or landlord. Sometimes it is owned by a public agency, such as a housing authority or a nonprofit organization. Federally assisted housing provides affordable homes to thousands of low income families and elderly and disabled people. Two types of federally assisted housing are project-based Section 8 housing and housing with HUD assisted loans.

What is project-based Section 8 housing?

Project-based Section 8 housing is federally assisted housing that is kept affordable by a contract between the owner and HUD. Under this contract the owner agrees to rent to people with low incomes. The residents pay no more than 30% of their income for rent. HUD pays the difference

between the resident's share of the rent and the total rent for the apartment.

What is happening to project-based Section 8 housing now?

The rental assistance contracts that keep this housing affordable were first signed in the 1970s and 1980s. These contracts were written for 5 to 30 year terms. Now many of these contracts are expiring, both here in Washington State and across the country. When a contract expires the owner can choose whether or not to renew the contract.

What are the factors that determine whether or not the owner will renew the contract?

One year contract renewals

One of the largest factors is that Congress is only providing enough funding to renew the expiring contracts one year at a time. HUD can sign multi-year contracts with owners but these contracts are dependent on Congress providing enough funding every year. So far Congress has provided the funds necessary to renew all expiring Section 8 contracts.

Financial benefits and rent levels

Another factor affecting the owner's decision whether or not to renew is how much rent and other benefits HUD offers the owner in the new contract. There are two new HUD programs that affect how much rent and other benefits the owner receives.

- *Mark up to Market.* In some situations the Section 8 rent is less than what the apartment is worth on the market. In this situation HUD can offer the owner a new contract with higher rents.
- *Mark to Market.* In some situations the Section 8 rent is more than what the apartment is worth on the market. HUD is reducing the rents paid to owners of these properties. If your building is participating in the Mark to Market program you will receive more information from one of the organizations running the program in this state.

What happens if the owner renews the project-based rental assistance contract?

If the owner renews the rental assistance contract then the housing will remain affordable as it is now.

What happens to the tenants if the owner does not renew the Section 8 rental assistance contract?

Tenants who live in the building at the time the contract expires will receive tenant-based rental assistance called vouchers. These vouchers will be issued by a housing agency – usually a public housing authority. These vouchers will provide rent assistance to help you pay your rent.

What is housing with HUD assisted loans?

Housing with HUD insured or subsidized loans is federally assisted housing in which the owner received an assisted loan, either through a federally insured loan or a special low-interest loan. In return for these benefits the owner agreed to rent to low income people and limit the amount of the rent. Some properties have both an insured or subsidized loan and a project-based Section 8 contract.

What is happening to housing with HUD insured and subsidized loans?

These programs were created to encourage the development of affordable housing in the late 1970s and early 1980s. The insured or subsidized loans were usually for 40 years. After 20 years the owner is allowed to pay the loan using another loan or funding source. This is called "prepayment." If the owner prepays the loan, the owner is no longer required to operate the housing under the regulatory agreement originally signed when the housing was first developed. In other words, the owner can operate the housing without any requirements to rent to low income people, to keep the rents low, or to keep the other requirements usually found in a HUD rental agreement.

What happens to the housing if the owner does not renew the project-based Section 8 contract or prepays a HUD assisted loan?

If the owner decides not to renew an expiring project-based Section 8 contract or decides to prepay a HUD insured or subsidized loan then the use restrictions are lifted. Tenants who move in after the use restrictions are gone will be charged market rent unless there are new use restrictions placed on the building.

What happens to tenants when the owner prepays the loan?

Tenants who live in the building at the time the loan is prepaid will receive tenant-based rental assistance called vouchers. These vouchers will be issued by a housing agency – usually a public housing authority. These vouchers will provide rent assistance to help you pay your rent.

How do vouchers work?

A voucher is portable. You can use it in the building where you live now as long as the rents are reasonable, or in another rental unit anywhere in the country where the owner accepts vouchers. Before approving your tenancy in your current building, the housing agency must make a determination that the new rents are “reasonable” in comparison to the rents charged to unsubsidized tenants. If the housing agency cannot make this finding, you will have to move elsewhere to use your voucher.

The owner of your current building cannot refuse to accept vouchers if the building will continue to be used as rental housing. Owners of other rental housing in most areas of the state do not have to accept tenants with rent vouchers. The only places in the State of Washington where it is illegal to discriminate against someone because of tenant-based rental assistance are Seattle, unincorporated King County, and Bellevue.

Just as you go through a certification process each year with the manager, voucher holders have to be re-certified each year with the housing agency.

You are only eligible for this type of voucher if you live in the building when the contract expires. If you move out before that time you will move without any rental assistance.

The owner or the housing agency issuing the vouchers will contact you about doing the paperwork for the vouchers at some point less than four months before the contract expires.

Enhanced vouchers

If you stay in your current building or complex you will get an “enhanced voucher.” With the enhanced voucher you will pay 30% of your monthly-adjusted income for rent, as you do now, and the housing agency that issues the voucher will pay the rest as long as the agency finds the rents “reasonable.” If the housing agency will not approve the rents as reasonable, you may have to move elsewhere. The amount of rent you pay will not change unless your income changes or you move elsewhere.

Regular Vouchers

If you move and take your voucher to another building or complex, there will be a limit on how high a rent the housing agency will cover. To find out the limit – called the “payment standard” – contact the housing agency listed below.

With a regular, non-enhanced voucher, you pay 30% of your monthly-adjusted income as a base rent. If the rent for your apartment is greater than the payment standard, then you must also pay the difference between the payment standard and the actual rent for your apartment. This can mean that you pay more than 30% of your income for rent. If you move, the housing agency cannot approve a lease that requires that you pay more than 40% of your monthly adjusted income for your housing (rent and a standard utility allowance).

What are my rights as a tenant of federally assisted housing?

The Washington State Residential Landlord Tenant Act and RCW 59.28 describe your rights. You also have rights under HUD regulations. Some of your rights are described here.

The owner of your building is required by RCW 59.28 to notify you one year prior to the expiration of the Section 8 contract and one year prior to prepaying a HUD assisted loan. In the notice the owner must notify you of whether or not the owner intends to renew the contract or prepay the loan. The owner does not have to make a final decision about whether or not to renew an expiring contract until 120 days before the contract expires.

You have the right to organize with your neighbors to consider matters affecting your housing. HUD encourages tenants to form resident councils so that you all can participate together in decisions about your homes. Changes in your building and in HUD programs will affect you and your community. You have an opportunity to have a say about these changes.

Having the right to organize means that:

- You have the right to have meetings for all the tenants to consider matters affecting your housing.
- You have the right to post flyers and meeting announcements.
- You have the right to hold meetings in a common area of the building or complex without the presence of management or owner representatives.
- You have the right to be recognized by property owners and managers as having a voice in residential community affairs.

You may be able to get assistance organizing from the organizations on the list of resources at the end of this notice.

Where can I get more information?

The letter you received from the owner has more information about what is happening to your specific building.

Your landlord is also required to send more information about the building to the local city or county clerk, the local housing agency and the Office of Community Development. The owner must also post copies of this information on the property.

You can contact these agencies to see this additional information if the owner fails to post it at the project. You can also contact the agencies or organizations listed below.

Organizations that can assist you and answer questions:

WA Low Income Housing Network

*1000 8th Avenue, Suite 105
Seattle, WA 98121
(206) 442-9455*

The Tenants Union

*3902 S. Ferdinand St.
Seattle, WA 98118
(206) 722-6848 or 1-800-556-9926*

Northwest Justice Project – C.L.E.A.R. Program

Statewide client intake line 1-800-201-1014

U.S. Department of Housing and Urban Development (HUD)

*Seattle Office
909 1st Avenue, Suite 200
Seattle, WA 98104
(206) 220-5104*

*Spokane Office
920 W. Riverside, Suite 588
Spokane, WA 99201-1010
(509) 353-0764*

WA Office of Community Development

*906 Columbia Street SW
Olympia, WA 98504-8300
(360) 586-3419*

Local Housing Agency

*Name: _____
Address: _____

Phone: _____*

Community Action Agency/Program

*Name: _____
Address: _____

Phone: _____*

Area Agency on Aging

*Name: _____
Address: _____

Phone: _____*